GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4080
ANSWERED ON:18.08.2000
FOREIGN INVESTMENT INSTITUTIONS
C. KUPPUSAMI;VENKATA KRISHNAM RAJU UPPALAPATI

Will the Minister of FINANCE be pleased to state:

(a) the net investment made by Foreign Investment Institutions in the capital market during the current year, upto 30th of June, and how does it compare with the relevant period of the previous year ;

(b) the total investments made by the foreign investment institutions during the last three years in the country and what are the unwinded positions in the debt market, yearwise; and

(c) the efforts being made by the Government to attract more investments by the foreign investments institutions?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

a) As per the reports filed with the Securities Exchange Board of India (SEBI) by the Custodians of the Foreign Institutional Investors (FIIs), the net investments during the current year upto June, 30 amounted to US $ 1465 Million.The net investments by FIIs during the corresponding period in the year 1999 amounted to US $ 898.7 Million.

(b) The total net investments by the FIIs during the last three years had been as follows:

YEAR	AMOUNT (US $ Million)
1997	1746.6
1998	(-)338.2
1999	1559.9

Details on net investments by FII Debt Funds are being collected and will be laid on the Table of the House.

(c) Several policy measures are taken on an ongoing basis to encourage investments by FIIs in the country.The recent initiatives include the following:

(i) Domestic portfolio managers registered with SEBI and SEBI approved domestic asset management companies have been allowed to seek registration as foreign institutional investors for investing on behalf of sub-accounts.

(ii) Foreign individuals and overseas corporate bodies are also allowed to invest in Indian capital market as sub accounts of FIIs provided the investment made by these entities does not exceed 5% of the paid capital of the company.

(iii) Investment by FIIs in a particular company was subjected to a ceiling of 24% of the total paid up capital of the company.The companies have now been permitted to raise the ceiling limit from 24% to 40% of the issued and paid up capital of the company provided it is approved by the Board of Directors and a Special Resolution is passed in the General Body Meeting of the company.